

## MUGEN ESTATE Co., Ltd.

3299

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## Achieved record-high profits in FY12/24. Announced a new Medium-Term Management Plan aiming to surpass ¥100.0bn in net sales

MUGEN ESTATE Co., Ltd. <3299> (hereafter, also “the Company”) is engaged in the business of purchasing and reselling used properties, primarily investment-type and residential-type condominiums. The Company is recognized as a pioneer in the real estate industry and operates as a highly profitable enterprise.

### 1. Overview of FY12/24 results

For FY12/24, the Company posted net sales of ¥62,187mn, an increase of 20.4% year on year (YoY) and achieved record-high profits, with operating income increasing 62.1% to ¥9,623mn, ordinary income up 68.9% to ¥8,858mn, and profit attributable to owners of parent rising 66.6% to ¥6,086mn.

Looking at the business environment for the real estate industry, the Bank of Japan ended its negative interest rate policy and implemented additional rate hikes. Despite these policy changes, real estate demand remained resilient, with only a limited impact from the changes. The number of transactions for used condominiums in the Tokyo area increased YoY and transaction prices for these properties also rose. In the core Purchase & Resale Business, net sales were driven by the sale of large-scale properties, both investment-type and residential-type properties. Sales of investment-type properties, in particular, rose due to factors such as moderate rent increases and a surge in inbound tourism, with the number of units sold reaching 177 (up 47 units YoY) and net sales amounting to ¥27,043mn (up 31.2%). Additionally, net sales to foreign buyers were strong, increasing 67.4% to ¥21,032mn, largely due to high demand from Asian countries and regions such as China and Taiwan. Another contributing factor to the increase in net sales was progress in sales in regional markets. In the Real Estate Development Business, the Company achieved a 157.0% increase in net sales to ¥2,509mn by focusing on sales for the “SIDEPLACE” series, its original brand. In the Real Estate Specified Joint Business, the Company focused on offering a variety of asset types, selling nursing homes, rental residences, and hostel properties. As a result, net sales exceeded the previous year’s level, up 11.5% to ¥2,141mn. In addition, the Company has already initiated its business activities for the next fiscal year, with real estate purchases increasing 31.1% to ¥43,752mn, reflecting steady preparations for the future.

### 2. FY12/25 forecasts

In FY12/25, the Company forecasts steady increases in net sales and profits at each level. It expects net sales to rise 29.8% YoY to ¥80,694mn, operating income to grow 13.9% to ¥10,961mn, ordinary income to increase 12.4% to ¥9,955mn, and profit attributable to owners of parent to rise 6.9% to ¥6,504mn. Real estate market conditions in urban areas, where the Company operates, are expected to remain strong, supported by factors such as the yen’s depreciation and low interest rates, despite uncertainties surrounding issues such as potential policy rate hikes by the Bank of Japan.

In the core Purchase & Resale Business, the Company will expand its business area by expanding its sales channels, diversifying its asset portfolio, and bolstering sales in regional market areas. In this segment, the Company expects to increase net sales 30.1% YoY to ¥77,727mn, and to drive growth particularly in investment-type properties, for which net sales are projected to grow 44.3% to ¥39,034mn. In the Real Estate Development Business, the Company will continue to rigorously focus on developing energy-efficient and environmentally friendly products, collaborate with the Purchase & Resale Business, and acquire land for development. In this segment, the Company is forecasting a 16.2% increase in net sales to ¥2,915mn. In the Real Estate Specified Joint Business, the Company will strive to diversify asset types and purchase properties that fit the characteristics of regional market areas. It forecasts net sales of ¥3,056mn in this segment, an increase of 42.7%. In the new Asset Management Business, the Company plans to obtain the required licenses for asset management and gradually establish private funds over the next few years to expand its assets under management. Accordingly, this new segment is expected to start contributing to results from the following fiscal year onward. Real estate for sales as of the end of FY12/24 remained steady at ¥60,726mn (an increase of ¥7,850mn from the end of FY12/23). Given that the opening of new offices (an increase of 6 offices) and hiring (an increase of 103 individuals) undertaken in the previous fiscal year are expected to generate positive effects, the Company can be said to have laid the groundwork for achieving its plans.

## Aiming to surpass ¥100.0bn in net sales under the Third Medium-Term Management Plan

### 3. Growth strategy

The Company announced a three-year Medium-Term Management Plan starting in FY12/25 and ending in FY12/27. Under this plan, the Company aims to make significant strides forward by attaining its numerical targets for FY12/27: net sales of ¥105,712mn (approximately 1.7 times the FY12/24 result), operating income of ¥14,428mn (approximately 1.5 times the FY12/24 result) and profit attributable to owners of parent of ¥9,361mn (approximately 1.5 times the FY12/24 result). The Company has set the following targets for its KPIs: CAGR (net sales) of 20% or more, ROE of 20% or more (for the plan's final fiscal year), and a dividend payout ratio of 40% or more. The Company's vision for itself in 2027 is defined as "Creating sustainable economic and social value through the real estate business." Prioritizing management focused on capital costs and stock price and sustainability management as the pillars of its management policy, the Company will focus on business area expansion and new value creation. In the core Purchase & Resale Business, the Company will strive to improve sales productivity and expand sales areas, along with expanding sales channels and asset types. In its growth businesses, the Real Estate Development Business and Real Estate Specified Joint Business, the Company will enhance its competitiveness through measures including strengthening purchasing capabilities, improving added value, and diversifying assets. Plans also call for actively investing in human capital and digital transformation initiatives, as well as new business opportunities and M&A. In the new Asset Management Business, where specific measures are progressing, the Company targets assets under management of ¥28.0bn as of the end of FY12/27.

**Annual dividend set at ¥104 for FY12/24, an increase of ¥41 following an upward revision, bringing the dividend payout ratio to 40.1%. Plans to pay an interim dividend beginning in FY12/25**

#### 4. Shareholder return policy

The Company considers the return to shareholders to be one of its most important management initiatives. The Company's basic policy is to continue to pay stable dividends while strengthening its financial position and maintaining adequate internal reserves in order to expand its business in the long term. The Company determines the allocation of profits by comprehensively taking into account the levels of performance and the cost of capital and capital profitability based on the balance sheet, aiming for a consolidated dividend payout ratio of 40% or more in the medium to long term. In FY12/24, against the backdrop of strong results, the Company set an annual dividend of ¥104 (representing increases of ¥41 YoY, ¥36 from the initial forecast, and ¥12 from the most recent forecast), bringing the dividend payout ratio to 40.1%, and the total payout ratio to 48.3%. For FY12/25, the Company plans to pay an annual dividend of ¥112 (an increase of ¥8 YoY, consisting of an interim dividend of ¥45 and a year-end dividend of ¥67), resulting in a dividend payout ratio of 40.1%. The Company has decided to pay dividends twice a year, offering an interim dividend beginning in FY12/25, in addition to the year-end dividend, in order to enhance opportunities to return profits to its shareholders.



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